Standard Life Premises Services Limited

Annual report and accounts
for the year ended 31 December 2020

Registration number: SC332171

Contents

Standard Life Premises Services Limited

Directors and officers

Directors
Patrick Bartlett
Denise Thomas

Secretary
Paul McKenna

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Chartered Accountants and Statutory Auditors
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Registered Number
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Report by the Directors

The Directors submit their audited Annual Report and Accounts of Standard Life Premises Services Limited (the Company), registration number: SC332171, for the year ended 31 December 2020.

Results and dividend

The Company made a profit for the year ended 31 December 2020 of £2,562k (2019: £1,159k). The Directors do not recommend the payment of a dividend for the year (2019: £nil).

Directors

The current directors of the Company are listed on page 3. The Directors are not subject to retirement by rotation. As per the Company's Articles of Association, the Company maintained a qualifying third party indemnity provision on behalf of its Directors and officers to provide cover should any legal action be brought against them. This provision was in force at the date of signing.

Employee involvement

The Company has no employees (2019: nil).

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore remain in office.

Going Concern

In assessing whether the Company is a going concern the Directors have considered the Company's net assets, current results and the liquidity of the Company's assets. The Board's assessment of going concern took into account recent market developments and the uncertainty caused by COVID-19. Based on their assessment, the Board is satisfied that the Company has and will maintain sufficient resources to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. Further information is provided in the basis of preparation section of the accounts.

Statement on disclosure of information to the independent auditors

So far as each Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Having made enquiries of fellow Directors and the Company's auditors, each of the Directors have taken all the steps that they ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved by the Board and signed on its behalf by:

P. Bartlett

Patrick Bartlett, Director

15 September 2021

Strategic report

Principal and ongoing activity

The Company's principal activity is the provision of landlord services to 3rd party tenants and other abrdn Group (the Group) companies. The Company's ultimate parent and controlling party is abrdn plc. abrdn plc was previously named Standard Life Aberdeen plc until 2 July 2021.

Review of business and future developments

The Company intends to continue with the principal activity of the provision of landlord services to 3rd party tenants and other companies within the Group. The Company made a profit for the year ended 31 December 2020 of £2,562k (2019: profit £1,159k).

The leases managed by the Company are long-term and as such the Company will continue its operations for the foreseeable future.

Given the straightforward nature of the business, the Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Brexit

While there remains unavoidable uncertainty due to Brexit, the Board consider the risk to the Company from Brexit to be low due to the nature of the business.

Section 172 statement

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a Director to have regard, among other matters, to:

- The likely consequences of any decision in the long term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly between different members of the company.

The Directors give careful consideration to the factors set out above in discharging their duties under section 172.

The Board recognises that the long-term success of the business is dependent on the way it works with a large number of important stakeholders. The Directors have had regard to the interests of stakeholders (including clients and customers, our people, society and our shareholders) while complying with their obligations to promote the success of the Company in line with section 172 of the Companies Act. The Board has also considered how the Company operates as a subsidiary within the wider Group of companies.

In managing the Company, the Directors have taken into account the requirements of section 172 (1) of the Companies Act 2006 as summarised in the following table:

• <u>The likely consequence of any decision in the long term</u>	The Board of Directors of the Company operate the Company in accordance with the Board Charter and the overall abrdn plc business plan, which considers the long term success of the Company and the group as a whole, and the likely long term consequences of any decisions by the Company are taken into account.
• <u>The interests of the company's employees</u>	The Company does not have any direct employees. Within the abrdn plc Group of companies, engagement with employees is considered at group level and employee engagement matters have been disclosed in the Group's Annual Report and Accounts, which does not form part of this report. The Directors have determined that there are no company specific matters appropriate to disclose in relation to engagement with employees.
• <u>The need to foster the company's business relationships with suppliers, customers and others</u>	Supplier relationships within the abrdn plc group of companies are managed under the Procurement, Outsourcing and Third Party Management Policy, which applies to all subsidiary companies. Engagement with suppliers, customers and others is considered at group level and engagement matters have been disclosed in the Group's Annual Report and Accounts, which does not form part of this report. Key customers of the Company are 3rd party tenants who lease property from the Company. The Board recognises the importance of these relationships and the Company has regular engagement with these tenants.

Strategic report *continued*

Section 172 statement *continued*

• The impact of the company's operations on the community and the environment	Engagement on environmental and community matters is considered at abrdn plc level and such matters have been disclosed in the Group's Annual Report and Accounts, which does not form part of this report. The Directors have determined that there are no company specific matters appropriate to disclose, as the company has no direct environmental or community impact beyond the impact of the wider group.
• The desirability of the company maintaining a reputation for high standards of business conduct	Maintaining high standards of business conduct is vital to the ongoing success of the abrdn plc group of companies, and remains a focus of the Company.
• The need to act fairly as between members of the company.	The Company has a single member, and is a wholly owned subsidiary of abrdn plc.

Corporate governance and risk management

The Group, of which the Company is a part, has established a governance framework for monitoring and overseeing strategy, conduct of business standards and operations of the business across the Group that includes a clearly stated corporate organisational structure, appropriately delegated authorities and independent internal audit and risk management functions. Risk management for the Company operates within this governance framework.

The principal risks to which the Company is most specifically exposed are credit risk, liquidity risk and operational risk. From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's Annual Report and Accounts which does not form part of this report.

The Company is not exposed to significant financial instrument risk. Credit risk is significantly reduced as assets are primarily cash and short-term deposits, which are placed with high credit-rated banks and intercompany receivables from other Group companies.

In relation to COVID-19, this risk could materially impact the global economy and the provision of landlord services to 3rd party tenants and other Group companies. We are managing the impact of COVID-19, utilising business continuity and resilience processes where appropriate.

Capital management

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern, to ensure that there are adequate resources to meet the Company's external liabilities as they fall due, and to allocate capital efficiently to support growth and repatriate excess capital where appropriate. The Company's capital is managed in conjunction with that of other companies in the Group. The Company manages its capital by measuring its resources and cash available on a regular basis. The Company's capital position and the movement in this from the prior year are disclosed within the Statement of changes in equity. The Company has no externally imposed capital requirements.

Approved by the Board and signed on its behalf by:

P. Bartlett

Patrick Bartlett, Director

15 September 2021

Statement of directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit for that period. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- Use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of Standard Life Premises Services Limited

Opinion

We have audited the financial statements of Standard Life Premises Services Limited ("the Company") for the year ended 31 December 2020 which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in notes (a)-(g).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud.

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of directors and inspection of policy documentation as to the abrdn plc's group wide policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud; and
- reading Board minutes to assess for any discussion of fraud

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. We also performed procedures including identifying journal entries to test based on high risk criteria and comparing the identified entries to supporting documentation. These included all material post year end closing journals.

On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of the revenue is non-judgmental and straightforward, with limited opportunity for manipulation. We did not identify any additional fraud risks.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Independent auditors' report to the members of Standard Life Premises Services Limited *continued*

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's authority to operate. We identified the following areas as those most likely to have such an effect: landlord and tenant legislation, and certain aspects of company legislation recognising the financial nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic Report and Report by the Directors

The directors are responsible for the Strategic Report and the Report by the Directors. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Report by the Directors;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent auditors' report to the members of Standard Life Premises Services Limited *continued*

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Eilidh McGowan

Eilidh McGowan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
20 Castle Terrace
Edinburgh
EH1 2EG

15 September 2021

Statement of comprehensive income
For the year ended 31 December 2020

	Notes	2020 £000	2019 £000
Income			
Revenue	1	1,779	1,666
Investment return	2	585	578
Other income	3	1,663	1,642
Total Income		**4,027**	**3,886**
Expenses			
Administrative expenses	4	866	2,002
Finance costs	8	420	440
Total Expenses		**1,286**	**2,442**
Profit before tax		**2,741**	**1,444**
Tax charge	7	179	285
Profit for the year		**2,562**	**1,159**
Total comprehensive income for the year		**2,562**	**1,159**

The accounting policies and notes on pages 14 to 21 form an integral part of these financial statements.

Statement of financial position
As at 31 December 2020

	Notes	2020 £000	2019 £000
Assets			
Receivables and other financial assets	10	23,398	21,118
Other assets	11	1,574	–
Cash and cash equivalents	12	1,998	2,434
Total assets		**26,970**	**23,552**
Equity			
Share capital	13	–	–
Retained earnings		8,751	6,189
Total equity		**8,751**	**6,189**
Liabilities			
Deferred tax liability	9	1,258	579
Other financial liabilities	14	16,961	16,120
Other liabilities	15	–	664
Total liabilities		**18,219**	**17,363**
Total equity and liabilities		**26,970**	**23,552**

Approved by the Board and signed on its behalf by:

P. Bartlett

Patrick Bartlett, Director

15 September 2021

The accounting policies and notes on pages 14 to 21 form an integral part of these financial statements.

Statement of changes in equity
For the year ended 31 December 2020

	Retained earnings £'000	Share capital £'000	Total equity £'000
At 31 December 2018	**3,572**	–	**3,572**
Effect of change in accounting policy to IFRS 16[1]	1,458	–	1,458
At 1 January 2019	**5,030**	**–**	**5,030**
Total comprehensive income for the year	1,159	–	1,159
At 31 December 2019	**6,189**	**–**	**6,189**
Total comprehensive income for the year	2,562	–	2,562
At 31 December 2020	**8,751**	**–**	**8,751**

[1] The Group initially applied IFRS 16 at 1 January 2019. Under the transition methods chosen, comparative information is not restated.

The accounting policies and notes on pages 14 to 21 form an integral part of these financial statements.

Accounting policies

(a) Basis of preparation

These separate financial statements are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under Application of Financial Reporting Requirements 100 as issued by the Financial Reporting Council. Accordingly, the financial statements for period ended 31 December 2020 have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101) as issued by the Financial Reporting Council. The financial statements have been prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss (FVTPL).

The Company has made profits in the financial year and it has sufficient financial resources and a strong cash position. In preparing these financial statements, the Directors have also considered the following matters and have taken into account the uncertainty created by COVID 19:

- The Company has a strong balance sheet with net assets of £8,751k.
- The Company has significant liquid resources including £1,998k of cash and cash equivalents.
- Forecast cash inflows from subleases are substantially higher in the next 12 months than forecast cash outflows from intercompany leases.
- The effectiveness of the Company's operational resilience processes. The Company's processes have operated effectively during the period including the provision of services by key outsource providers. The Company has put in place additional processes to monitor key external outsource providers during this COVID-19 remote working environment.
- Consideration of the going concern of the wider Group.

The Directors are satisfied that the Company has and will maintain sufficient resources to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions available under that standard:

- A cash flow statement and related notes
- Revenue from contracts with customers
- Capital management
- Effect of IFRSs issued but not effective
- Related party transactions with wholly owned subsidiaries

As equivalent disclosures are given in the consolidated financial statements of the Group, we have also applied the disclosure exemptions for share based payments and financial instruments.

(a) New standards, interpretations and amendments to existing standards that have been applied by the Company

Certain new interpretations and amendments to existing standards have been published that are mandatory for the Company's annual accounting. Management considers the implementation of these new standards, interpretations and amendments to existing standards has had no significant impact on the Company's financial statements.

(b) Revenue recognition

Revenue from contracts with customers is recognised by the Company as performance obligations are satisfied where it is highly probable that the revenue will be received. Services provided to other companies are invoiced to those companies, and recognised as revenue, in the month that the services are used. Such revenue represents amounts charged to companies outside the Group, and also to the parent company, in respect of service charges.

Where revenue is received in advance, this income is deferred and recognised as a deferred income liability until the services have been provided.

(c) Expense recognition

Expenditure incurred by the Company relating to services charges paid to other companies in the Group, and expenses incurred on behalf of tenants who are recharged through service charge agreements, is recognised in the month to which it relates. Expenses relating to a month that have not been invoiced are accrued, while invoices received and paid for expenses relating to future periods are recognised as prepayments.

(d) Income tax

The tax expense comprises both current tax and deferred tax expense (where applicable).

Current tax is the expected tax payable on taxable profit for the year and is calculated using tax rates and laws substantively enacted at the balance sheet date.

A deferred tax asset represents a tax deduction that is expected to arise in a future period. It is only recognised to the extent that there is expected to be future taxable profit or investment return to offset the tax deduction. A deferred tax liability represents taxes which will become payable in a future period as a result of a current or prior year transaction. Where local tax law allows, deferred tax assets and liabilities are netted off on the statement of financial position. The tax rates used to determine deferred tax are those enacted or substantively enacted at the balance sheet date that are expected to apply when the deferred tax asset or liability are realised. Deferred tax is recognised on temporary differences arising from investments in subsidiaries and

Accounting policies *continued*

(d) Income tax *continued*
associates unless the timing of the reversal is in our control and it is expected that the temporary difference will not reverse in the foreseeable future.

Current tax and deferred tax is recognised in the consolidated income statement except when it relates to items recognised in other comprehensive income or directly in equity, in which case it is credited or charged to other comprehensive income or directly to equity respectively.

(e) Financial Assets
Financial assets are classified at initial recognition based on whether their contractual cash flows are solely payments of principal and interest (SPPI) and the nature of the business model they are managed under. Where they do not meet the SPPI test, the financial assets are classified as fair value through profit or loss (FVTPL). The Company has not elected to recognise any financial assets as fair value through other comprehensive income.

Financial assets are initially recognised at their fair value and are subsequently measured at amortised cost less impairment. Cash and cash equivalents include demand and term deposits and other short-term investments with less than three months to maturity from the date of acquisition.

Amortised cost is calculated using the effective interest method. Impairment is determined using an expected credit loss impairment model which is applied to all financial assets measured at amortised cost. Financial assets measured at amortised cost attract a loss allowance equal to either:

- 12 month expected credit losses (losses resulting from possible default within the next 12 months)
- Lifetime expected credit losses (losses resulting from possible defaults over the remaining life of the financial asset)

Financial assets attract a 12 month ECL allowance unless the asset has suffered a significant deterioration in credit quality or the simplified approach for calculation of ECL has been applied. As permitted under IFRS 9 Financial Instruments, the Company has applied the simplified approach to calculate the ECL allowance for trade receivables and contract assets recognised under IFRS 15 *Revenue from Contracts with Customers* and lease receivables recognised under IFRS 16 *Leases* (including intercompany balances). Under the simplified approach the ECL is calculated over the remaining life of the asset.

(f) Financial liabilities
Financial liabilities are initially recognised at their fair value and subsequently measured at amortised cost calculated using the effective interest method.

(g) Leases
A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. However, the Company used the practical expedient permitted under IFRS 16 to apply the new standard at transition solely to leases previously identified in accordance with IAS 17 and IFRIC 4 Determining whether an Arrangement Contains a Lease.

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses and are presented in property, plant and equipment. The Company does not revalue its right-of-use assets. This applies to all right-of-use assets, including those that are assessed as meeting the definition of investment property. The cost comprises the amount of the initial measurement of the lease liability plus any initial direct costs and expected restoration costs not relating to wear and tear. Costs relating to wear and tear are expensed over the term of the lease. Depreciation is charged on right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company assesses right-of-use assets for impairment when such indicators exist, and where required, reduces the value of the right-of-use asset accordingly.

The related lease liability (included in other financial liabilities – refer Note 14) is calculated as the present value of the future lease payments. The lease payments are discounted using the rate implicit within the lease where readily available or the Company's incremental borrowing rate where the implicit rate is not readily available. Interest is calculated on the liability using the discount rate and is charged to the income statement under finance costs.

In determining the value of the right-of-use assets and lease liabilities, the Company considers whether any leases contain lease extensions or termination options that the Company is reasonably certain to exercise.

Where a leased property has been sublet, the Company assesses whether the sublease has transferred substantially all the risk and rewards of the right-of-use asset to the lessee under the sublease. Where this is the case, the right-of-use asset is derecognised and a net investment in finance leases (included in Receivables and other financial assets – refer Note 10) is recognised, calculated as the present value of the future lease payments receivable under the sublease. Where a property is only partially sublet, only the portion of the right-of-use asset relating to the sublet part of the property is derecognised and recognised as a net investment in finance leases.

Any difference between the initial value of the net investment in finance leases and the right-of-use asset derecognised is recognised in the income statement (within other income or expenses). Interest is calculated on the net investment in finance lease using the discount rate and is recognised in the income statement as interest income.

Accounting policies *continued*

(g) Leases *continued*

Where the sublease does not transfer substantially all the risk and rewards of the right-of-use assets to the lessee under the sublease, the Company continues to recognise the right-of-use asset. The sub-lease is accounted for as an operating lease with the lease payments received recognised as property rental income in other income in the income statement. Lease incentives granted are recognised as an integral part of the property rental income and are spread over the term of the lease.

The Company does not recognise right-of-use assets and lease liabilities for short-term leases (less than 1 year from inception) and leases where the underlying asset is of low value.

Notes to the financial statements

1. Revenue

	2020 £000	2019 £000
Revenue from contracts with customers - service charges	1,779	1,666
Total revenue	**1,779**	**1,666**

2. Investment return

	Notes	2020 £000	2019 £000
Interest on net investment in finance leases	8	585	578
Total investment return		**585**	**578**

3. Other income

	Notes	2020 £000	2019 £000
Gain on recognition of net investment in finance leases	8	1,663	1,642
Total other income		**1,663**	**1,642**

An initial gain of £1,663k in relation to new sub-leases entered into was recognised during the year ended 31 December 2020 (2019: £1,642k). Refer Note 8.

4. Administrative expenses

	2020 £000	2019 £000
Rent	–	140
Utilities	396	546
Write-off of accrued income	–	404
Other administrative expenses	470	912
Total administrative expenses	***866***	**2,002**

5. Auditors' remuneration

Auditors' remuneration amounted to £27,613 (2019: £16,514) in respect of the audit of the Company's financial statements. Auditors' remuneration for services other than the statutory audit of the Company are not disclosed in the Company's financial statements since the consolidated financial statements of abrdn plc, the Company's ultimate controlling party, are required to disclose fees in respect of non-audit services on a consolidated basis. In 2019 the auditors' remuneration was borne on behalf of the Company by Standard Life Aberdeen plc (renamed abrdn plc on 2 July 2021).

6. Directors' emoluments

In the year to 31 December 2020, the directors were remunerated as part of their roles for abrdn plc and there was no retained charge in the Company in respect of their remuneration.

7. Tax charge

The standard UK corporation tax rate for the accounting period is 19%. In the Spring Budget 2020, the government announced that the standard UK corporation tax rate would remain at 19% from 1 April 2020 rather than reducing to 17% as previously enacted. This new legislation was substantively enacted on 17 March 2020 to repeal the planned reduction in the standard UK corporation tax rate and maintain the rate at 19%. On 3 March 2021, the UK Government announced its intention to increase the rate of UK corporation tax rate from 19% to 25% with effect from 1 April 2023 and this was subsequently substantively enacted on 24 May 2021. The effect of this change in the rate of UK corporation tax if it had been substantively enacted at 31 December 2020 would have been to increase the deferred tax assets and deferred tax liabilities in the statement of financial position by £2k and £365k respectively and increase the tax charge in the income statement by £363k.

Notes to the financial statements *continued*

7. Tax charge *continued*

(a) Tax charge

	2020 £000	2019 £000
Current tax:		
Arising in the year	298	381
Adjustment to tax expense in respect of prior years	(798)	(2)
Total current tax charge/(credit)	**(500)**	**379**
Deferred tax:		
Arising in the year	332	(96)
Adjustment to deferred tax expense in respect of prior years	347	2
Total deferred tax charge/(credit)	**679**	**(94)**
Total tax charge	**179**	**285**

Current tax balances are expected to be settled within 12 months (2019: within 12 months).

(b) Reconciliation of tax charge

	2020 £000	2019 £000
Profit before tax	2,741	1,444
Tax at 19% (2019: 19%)	**521**	**274**
Adjustments to tax expense in respect of prior years	(798)	(2)
Adjustment to deferred tax expense in respect of prior years	347	2
Different tax rates	109	11
Total tax charge for the year	**179**	**285**

8. Leases

(a) Leases where the Company is lessee

The Company leases a number of properties which it sublets. Leases are generally for fixed periods but may be subject to extensions or early termination clauses. The range of terms for current leases ranges is less than one year to 10.5 years.

The Company has recognised the following liabilities in relation to these leases:

	2020 £000	2019 £000
Lease liabilities	**16,023**	**15,518**

The following table provides analysis of the maturity analysis of the contractual undiscounted cash flows for the lease liabilities:

	2020 £000	2019 £000
Less than one year	3,023	2,745
One to two years	3,031	2,723
Two to three years	1,786	2,723
Three to four years	1,634	1,479
Four to five years	1,534	1,327
Five to ten years	6,187	4,488
Ten to fifteen years	507	1,873
Total undiscounted lease liabilities	**17,702**	**17,358**

All properties leased by the Company at 31 December 2020 are sublet under leases classified as finance leases under IFRS 16 so no right-of-use assets are recognised by the Company at 31 December 2020.

The interest on lease liabilities for the year ended 31 December 2020 was £420k. (2019: £440k)

The Company does not recognise right-of-use assets and lease liabilities for short term leases and leases where the underlying asset is of low value. The expense for these leases for the year ended 31 December 2020 was £nil and £nil respectively. The Company lease commitment for short term leases was £nil at 31 December 2020.

Notes to the financial statements *continued*

8. Leases *continued*

(b) Leases where the Company is lessor (subleases)

Where the Group no longer requires a leased property, the property may be sublet to a third party. The sublease may be for the full remaining term of the Company's lease or only part of the remaining terms.

At 31 December 2020, the Company had net investment in finance leases of £22,683k (2019: £20,655k) for subleases which had transferred substantially all the risk and rewards of the right-of-use assets to the lessee under the sublease. Prior to the implementation of IFRS 16, all the Company's subleases were accounted for as operating leases. The increase during the year ended 31 December 2020 was mainly due to renewal of a sublease during the year.

(b)(i) Finance leases

During the year ended 31 December 2020, the Company received finance income on its net investment in finance leases of £585k (2019: £578k). It also recorded an initial gain of £1,663k in relation to new sub-leases entered into during the year ended 31 December 2020 (2019: £1,642k).

The following table provides the maturity analysis of the future contractual undiscounted cash flows for the net investment in finance leases and a reconciliation to the net investment in finance leases:

	2020 £000	2019 £000
Less than one year	4,736	3,451
One to two years	2,713	3,770
Two to three years	3,914	3,833
Three to four years	1,994	1,828
Four to five years	2,079	1,510
Five to ten years	8,816	7,179
Ten to fifteen years	751	1,562
Total contractual undiscounted cash flows under finance leases	25,003	23,133
Unearned finance income	(2,320)	(2,478)
Total net investment in finance leases	**22,683**	**20,655**

9. Deferred tax assets and liabilities

Recognised deferred tax is analysed in the table below.

	2020 £000	2019 £000
Deferred tax assets comprises:		
Timing differences on property, plant and equipment	7	10
Deferred tax assets	**7**	**10**
Deferred tax liabilities comprises:		
Timing differences on net investment in finance leases and related lease liabilities	(1,265)	(589)
Deferred tax liability	**(1,265)**	**(589)**
Net deferred tax (liability)/asset at 31 December	**(1,258)**	**(579)**
Movements in deferred tax assets comprise:		
Opening balance carried forward	**(579)**	**12**
Effect of change in accounting policy to IFRS 16[1]	-	(685)
Opening balance at 1 January	**(579)**	**(673)**
Amounts credited to net profit	(679)	94
At 31 December	**(1,258)**	**(579)**

[1] The Group initially applied IFRS 16 at 1 January 2019. Under the transition methods chosen, comparative information is not restated.

Notes to the financial statements *continued*

10. Receivables and other financial assets

	Notes	2020 £000	2019 £000
Due from related parties		–	5
Net investment in finance leases	8	22,683	20,655
Other		715	458
Total receivables and other financial assets		**23,398**	**21,118**

Net investment in finance leases expected to be recovered after more than 12 months is £17,947k (2019: £17,718k).

All other financial assets are expected to be settled within 12 months. The carrying amounts disclosed above reasonably approximate the fair values at the year end. No interest is applied to other financial assets.

11. Other assets

	Notes	2020 £000	2019 £000
Due from related parties		1,574	–
Total other assets		**1,574**	–

All other assets are expected to be settled within 12 months. The due from related parties balance of £1,574k (2019: £nil) comprises amounts due from other Group companies in respect of group relief. No interest is applied to other assets.

12. Cash and cash equivalents

Cash and cash equivalents of £1,998k (2019: £2,434k) comprises cash held at bank. Interest at a variable rate is applied to cash and cash equivalents.

13. Share capital

The Company has one (2019: one) allotted and fully paid up share of £1 (2019: £1) in issue.

14. Other financial liabilities

	2020 £000	2019 £000
Due to related parties	891	–
Deferred income	–	420
Lease liabilities with other Group companies	16,023	15,518
Other creditors and accruals	47	182
Total other financial liabilities	**16,961**	**16,120**

The amount of other financial liabilities expected to be settled after more than 12 months is £13,361k (2019: £13,152k). Except for lease liabilities (refer Note 8), no interest is applied to other financial liabilities.

In 2019, the deferred income of £420k related to contracts with customers.

15. Other liabilities

	2020 £000	2019 £000
Due to related parties	–	431
Provisions	–	13
Other	–	220
Total other liabilities	**–**	**664**

In 2019, all other liabilities were expected to be settled within 12 months. The due to related parties balance of £431k in 2019 comprised amounts due to other Group companies in respect of group relief. The carrying amounts disclosed above reasonably approximate the fair values at the year end. No interest is applied to other liabilities.

Notes to the financial statements *continued*

16. Related party transactions

(a) Parent and ultimate controlling party

The Company's ultimate parent and controlling party is abrdn plc, a company incorporated in Scotland, which owns 100% of the Company's shares. Copies of the Annual Report and Accounts of the ultimate controlling party can be obtained at www.abrdn.com.

(b) Transactions with and balances from/to related parties

The Company has taken advantage of the exemption under FRS 101 not to disclose transactions with its parent company, abrdn plc, and fellow wholly owned subsidiaries within the Group.

(c) Transactions with/from and balances from/to key management personnel

Certain members of key management personnel hold investments in investments products which are managed by the Group. None of the amounts concerned are material in the context of funds managed by the Group. All transactions between key management and their close family members and the Group during the year are on terms which are equivalent to those available to all employees of the Group.